

118TH CONGRESS  
1ST SESSION

# H. R. 5953

To amend the Internal Revenue Code of 1986 to expand the earned income and child tax credits, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 12, 2023

Mrs. SYKES introduced the following bill

OCTOBER 25, 2023

Referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the earned income and child tax credits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Lower Your Taxes Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Sense of Congress.
- Sec. 3. Expansion of earned income tax credit.

Sec. 4. Payments to taxpayers determined by treating State non-refundable earned income tax credits as refundable.

Sec. 5. Establishment of refundable child tax credit with monthly advance payment.

Sec. 6. Capital gains rates not applicable to certain high income taxpayers.

Sec. 7. Increase in rates of certain corporate taxes.

**1 SEC. 2. SENSE OF CONGRESS.**

2 It is the sense of Congress that the net revenue de-  
3 rived from this Act should be used to reduce the national  
4 deficit, to the extent thereof, and thereafter to reduce the  
5 national debt.

**6 SEC. 3. EXPANSION OF EARNED INCOME TAX CREDIT.**

7 (a) CREDIT PERCENTAGE.—The table contained in  
8 section 32(b)(1) of the Internal Revenue Code of 1986 is  
9 amended—

10 (1) by striking “34” and inserting “68”,

11 (2) by striking “40” and inserting “80”,

12 (3) by striking “45” and inserting “90”, and

13 (4) by striking “7.65” in the column with the  
14 heading “The credit percentage is:” and inserting  
15 “35”.

16 (b) PHASEOUT PERCENTAGE.—The table contained  
17 in section 32(b)(1) of such Code is amended—

18 (1) by striking “15.98” and inserting “7”,

19 (2) by striking “21.06” both places it appears  
20 and inserting “10”, and

1           (3) by striking “7.65” in the column with the  
2 heading “The phaseout percentage is:” and inserting  
3 “7”.

4           (c) EARNED INCOME AMOUNT.—The table contained  
5 in section 32(b)(2)(A) of such Code is amended—

6           (1) by striking “\$6,330” and inserting  
7 “\$19,000”,

8           (2) by striking “\$8,890” and inserting  
9 “\$27,000”, and

10          (3) by striking “\$4,220” and inserting  
11 “\$15,000”.

12          (d) PHASEOUT AMOUNT.—

13           (1) IN GENERAL.—The table contained in sec-  
14 tion 32(b)(2)(A) of such Code is amended—

15           (A) by striking “\$11,610” both places it  
16 appears and inserting “\$30,000”, and

17           (B) by striking “\$5,280” and inserting  
18 “\$15,000”.

19           (2) JOINT RETURNS.—Section 32(b)(2)(B) of  
20 such Code is amended by striking “determined  
21 under subparagraph (A) shall be increased by  
22 \$5,000” and inserting “twice the amount deter-  
23 mined under subparagraph (A)”.

24           (3) INFLATION ADJUSTMENT.—Section 32(j) of  
25 such Code is amended to read as follows:

1 “(j) INFLATION ADJUSTMENTS.—

2 “(1) EARNED INCOME AND PHASEOUT  
3 AMOUNTS.—

4 “(A) IN GENERAL.—In the case of any  
5 taxable year beginning after 2024, each of the  
6 dollar amounts in subsection (b)(2)(A) shall be  
7 increased by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the GDP adjustment determined  
10 under subparagraph (B) for the calendar  
11 year in which the taxable year begins.

12 “(B) GDP ADJUSTMENT.—For purposes  
13 of this paragraph, the term ‘GDP adjustment’  
14 for any calendar year is the percentage (if any)  
15 by which—

16 “(i) the per capita nominal gross do-  
17 mestic product for the preceding calendar  
18 year (as determined by the Secretary), ex-  
19 ceeds

20 “(ii) the per capita nominal gross do-  
21 mestic product for calendar year 2023 (as  
22 determined by the Secretary).

23 “(C) ROUNDING.—If any dollar amount in  
24 subsection (b)(2)(A), after any increase under  
25 subparagraph (A), is not a multiple of \$10,

1 such dollar amount shall be rounded to the  
2 nearest multiple of \$10.

3 “(2) EXCESSIVE INVESTMENT INCOME.—

4 “(A) IN GENERAL.—In the case of any  
5 taxable year beginning after 2021, the dollar  
6 amount in subsection (i)(1) shall be increased  
7 by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-  
10 termined under section 1(f)(3) for the cal-  
11 endar year in which the taxable year be-  
12 gins, determined by substituting ‘calendar  
13 year 2020’ for ‘calendar year 2016’ in sub-  
14 paragraph (A)(ii) thereof.

15 “(B) ROUNDING.—If the dollar amount in  
16 subsection (i)(1), after any increase under sub-  
17 paragraph (A), is not a multiple of \$50, such  
18 dollar amount shall be rounded to the next low-  
19 est multiple of \$50.”.

20 (e) AGE LIMITATIONS.—Section 32(c)(1)(A)(ii)(II) of  
21 such Code is amended by striking “has attained age 25  
22 but not attained age 65” and inserting “has attained age  
23 18”.

1 (f) NOTIFICATION OF TAXPAYERS BY TREASURY OF  
2 POTENTIAL ELIGIBILITY FOR THE EARNED INCOME TAX  
3 CREDIT.—

4 (1) IN GENERAL.—With respect to taxable  
5 years beginning in calendar years after 2023, the  
6 Secretary shall establish a program to notify (wheth-  
7 er by electronic means or otherwise) specified indi-  
8 viduals that such individuals may be eligible for the  
9 earned income tax credit.

10 (2) SPECIFIED INDIVIDUAL.—For purposes of  
11 this subsection, the term “specified individual”  
12 means any individual who—

13 (A) based on information available to the  
14 Secretary related to the taxable year or the pre-  
15 ceding taxable year, the Secretary determines is  
16 likely to be eligible for the earned income tax  
17 credit, and

18 (B) either—

19 (i) filed a return of tax for such tax-  
20 able year and did not claim the earned in-  
21 come tax credit, or

22 (ii) did not (as of such determination)  
23 file a return of tax for such taxable year.

1           (3) SECRETARY.—For purposes of this sub-  
2           section, the term “Secretary” means the Secretary  
3           of the Treasury or the Secretary’s delegate.

4           (g) EFFECTIVE DATE.—The amendments made by  
5           this section shall apply to taxable years beginning after  
6           December 31, 2023.

7   **SEC. 4. PAYMENTS TO TAXPAYERS DETERMINED BY TREAT-**  
8                                   **ING STATE NON-REFUNDABLE EARNED IN-**  
9                                   **COME TAX CREDITS AS REFUNDABLE.**

10          (a) IN GENERAL.—The Secretary shall establish a  
11          program for making annual payments to eligible individ-  
12          uals equal to the State refundable earned income tax cred-  
13          it equivalency amount with respect to taxable years begin-  
14          ning in calendar years after 2023.

15          (b) ELIGIBLE INDIVIDUAL.—For purposes of this  
16          section—

17                  (1) IN GENERAL.—The term “eligible indi-  
18                  vidual” means any individual who is eligible for, and  
19                  claims, a non-refundable earned income tax credit  
20                  for a taxable year beginning after December 31,  
21                  2023, under the income tax laws of an eligible State.

22                  (2) ELIGIBLE STATE.—The term “eligible  
23                  State” means any State if—

24                                  (A) the Secretary determines that such  
25                                  States has in effect, as of the date of the enact-

1           ment of this Act, a non-refundable earned in-  
2           come tax credit, and

3                   (B) such State enters into an agreement  
4           with the Secretary to provide the Secretary  
5           such information as the Secretary may require  
6           to administer this section.

7           (3) NON-REFUNDABLE EARNED INCOME TAX  
8           CREDIT.—

9                   (A) IN GENERAL.—The term “non-refund-  
10           able earned income tax credit” means, with re-  
11           spect to any State, a credit against the income  
12           tax imposed by such State which the Secretary  
13           has determined is based on the earned income  
14           of the taxpayer and which is limited to the tax  
15           liability of such taxpayer.

16                   (B) TREATMENT OF CERTAIN CREDIT  
17           MODIFICATIONS.—A credit shall not be treated  
18           as a non-refundable earned income tax credit  
19           for any taxable year if the Secretary determines  
20           that such credit as in effect for such taxable  
21           year has been modified (relative to such credit  
22           as in effect on the date of the enactment of this  
23           Act) in manner which suggests that a signifi-  
24           cant purpose of such modification was to in-



1           crease the amount of payments made under this  
2           section.

3                   (C) TREATMENT OF CREDITS SCHEDULED  
4           TO TERMINATE.—A credit shall not be treated  
5           as non-refundable earned income tax credit for  
6           any taxable year if such credit was not sched-  
7           uled to be in effect for such taxable year under  
8           the income tax laws of the State as in effect on  
9           the date of the enactment of this Act.

10           (c) STATE REFUNDABLE EARNED INCOME TAX  
11    CREDIT EQUIVALENCY AMOUNT.—For purposes of this  
12    section, the term “State refundable earned income tax  
13    credit equivalency amount” means, with respect to any in-  
14    dividual for any taxable year, the amount determined by  
15    the Secretary as being the excess (if any) of—

16                   (1) the amount of the non-refundable earned in-  
17           come tax credit which would have been allowed to  
18           such individual for such taxable year if such credit  
19           were not limited based on the tax liability of the tax-  
20           payer, over

21                   (2) the amount by which such individual’s State  
22           income tax liability would increase if such credit  
23           were not allowed (determined after taking into ac-  
24           count all other income tax credits other than income

1 tax credits which constitute credits for the payment  
2 of tax).

3 (d) PAYMENTS TREATED IN SAME MANNER AS RE-  
4 FUNDABLE INCOME TAX CREDITS.—Except as otherwise  
5 provided by the Secretary, the program established under  
6 subsection (a) shall effectuate the payments described  
7 therein by deeming the amount of such payment as a pay-  
8 ment of Federal income tax for purposes of the Internal  
9 Revenue Code of 1986. Any overpayment of tax attrib-  
10 utable to such deemed payment shall be refunded by the  
11 Secretary as soon as practicable. For purposes of section  
12 1324 of title 31, United States Code, any such refund  
13 shall be treated in the same manner as a refund due from  
14 a credit provision referred to in subsection (b)(2) of such  
15 section.

16 (e) SECRETARY.—For purposes of this section, the  
17 term “Secretary” means the Secretary of the Treasury or  
18 the Secretary’s delegate.

19 **SEC. 5. ESTABLISHMENT OF REFUNDABLE CHILD TAX**  
20 **CREDIT WITH MONTHLY ADVANCE PAYMENT.**

21 (a) IN GENERAL.—Subpart A of part IV of sub-  
22 chapter A of chapter 1 of the Internal Revenue Code of  
23 1986 is amended by inserting after section 24 the fol-  
24 lowing new sections:

1 **“SEC. 24A. MONTHLY CHILD TAX CREDIT.**

2       “(a) ALLOWANCE OF CREDIT.—There shall be al-  
3 lowed as a credit against the tax imposed by this chapter  
4 for the taxable year the sum of the monthly specified child  
5 allowances determined with respect to the taxpayer under  
6 subsection (b) for each calendar month during such tax-  
7 able year.

8       “(b) MONTHLY SPECIFIED CHILD ALLOWANCE.—

9               “(1) IN GENERAL.—For purposes of this sec-  
10 tion, the term ‘monthly specified child allowance’  
11 means, with respect to any taxpayer for any cal-  
12 endar month, the sum of—

13                       “(A) \$300, with respect to each specified  
14 child of such taxpayer who will (as of the close  
15 of such month) have attained age 6, plus

16                       “(B) \$350, with respect to each specified  
17 child of such taxpayer who will not (as of the  
18 close of such month) have attained age 6.

19               “(2) LIMITATIONS BASED ON MODIFIED AD-  
20 JUSTED GROSS INCOME.—

21                       “(A) INITIAL REDUCTION.—The monthly  
22 specified child allowance otherwise determined  
23 under paragraph (1) with respect to any tax-  
24 payer for any calendar month shall be reduced  
25 (but not below zero) by  $\frac{1}{12}$  of 5 percent of the  
26 excess (if any) of the taxpayer’s modified ad-

1           justed gross income for the applicable taxable  
2           year over the initial threshold amount in effect  
3           for such applicable taxable year.

4           “(B) LIMITATION ON INITIAL REDUC-  
5           TION.—In the case of any calendar month be-  
6           ginning before January 1, 2026, the amount of  
7           the reduction under subparagraph (A) shall not  
8           exceed the lesser of—

9                   “(i) the excess (if any) of—

10                           “(I) the monthly specified child  
11                           allowance with respect to the taxpayer  
12                           for such calendar month (determined  
13                           without regard to this paragraph),  
14                           over

15                           “(II) the amount which would be  
16                           determined under subclause (I) if the  
17                           dollar amounts in effect under sub-  
18                           paragraphs (A) and (B) of paragraph  
19                           (1) were each equal to \$166.67, or

20                           “(ii)  $\frac{1}{12}$  of 5 percent of the excess of  
21                           the secondary threshold amount over the  
22                           initial threshold amount.

23           “(C) SECONDARY REDUCTION.—In the  
24           case of any calendar month beginning before  
25           January 1, 2026, the monthly specified child al-

1 lowance otherwise determined under paragraph  
2 (1) with respect to any taxpayer for such cal-  
3 endar month (determined after the application  
4 of subparagraphs (A) and (B)) shall be reduced  
5 (but not below zero) by  $\frac{1}{12}$  of 5 percent of the  
6 excess (if any) of the taxpayer's modified ad-  
7 justed gross income for the applicable taxable  
8 year over the secondary threshold amount.

9 “(D) DEFINITIONS RELATED TO LIMITA-  
10 TIONS BASED ON MODIFIED ADJUSTED GROSS  
11 INCOME.—For purposes of this paragraph—

12 “(i) INITIAL THRESHOLD AMOUNT.—

13 The term ‘initial threshold amount’  
14 means—

15 “(I) \$150,000, in the case of a  
16 joint return or surviving spouse (as  
17 defined in section 2(a)),

18 “(II)  $\frac{1}{2}$  the dollar amount in ef-  
19 fect under subclause (I), in the case of  
20 a married individual filing a separate  
21 return, and

22 “(III) \$112,500, in any other  
23 case.

1           “(ii)       SECONDARY       THRESHOLD  
2 AMOUNT.—The term ‘secondary threshold  
3 amount’ means—

4                   “(I) \$400,000, in the case of a  
5 joint return or surviving spouse (as  
6 defined in section 2(a)),

7                   “(II) \$300,000, in the case of a  
8 head of household (as defined in sec-  
9 tion 2(b)), and

10                   “(III) \$200,000, in any other  
11 case.

12           “(iii) APPLICABLE TAXABLE YEAR.—  
13 The term ‘applicable taxable year’ means,  
14 with respect to any taxable year for which  
15 the credit under this section is deter-  
16 mined—

17                   “(I) such taxable year, or

18                   “(II) if the taxpayer elects the  
19 application of this subclause (at such  
20 time and in such form and manner as  
21 the Secretary may provide), the pre-  
22 ceding taxable year or the second pre-  
23 ceding taxable year (as specified in  
24 such election).

1           “(iv) MODIFIED ADJUSTED GROSS IN-  
2           COME.—The term ‘modified adjusted gross  
3           income’ means adjusted gross income in-  
4           creased by any amount excluded from  
5           gross income under section 911, 931, or  
6           933.

7           “(3) INFLATION ADJUSTMENTS.—

8           “(A) MONTHLY SPECIFIED CHILD ALLOW-  
9           ANCE.—In the case of any month beginning  
10          after December 31, 2023, each dollar amount  
11          in paragraph (1) shall be increased by an  
12          amount equal to—

13                  “(i) such dollar amount, multiplied  
14                  by—

15                  “(ii) the percentage (if any) by  
16                  which—

17                          “(I) the CPI (as defined in sec-  
18                          tion 1(f)(4)) for the calendar year  
19                          preceding the calendar year in which  
20                          such month begins, exceeds

21                          “(II) the CPI (as so defined) for  
22                          calendar year 2020.

23           “(B) INITIAL THRESHOLD AMOUNT.—In  
24           the case of any taxable year beginning after De-  
25           cember 31, 2023, the dollar amounts in sub-

1 clauses (I) and (III) of paragraph (2)(D)(i)  
2 shall each be increased by an amount equal  
3 to—

4 “(i) such dollar amount, multiplied by

5 “(ii) the percentage (if any) which  
6 would be determined under subparagraph  
7 (A)(ii) if subclause (II) thereof were ap-  
8 plied by substituting ‘2022’ for ‘2020’.

9 “(C) ROUNDING.—

10 “(i) MONTHLY SPECIFIED CHILD AL-  
11 LOWANCE.—Any increase under subpara-  
12 graph (A) which is not a multiple of \$10  
13 shall be rounded to the nearest multiple of  
14 \$10.

15 “(ii) INITIAL THRESHOLD AMOUNT.—  
16 Any increase under subparagraph (B)  
17 which is not a multiple of \$5,000 shall be  
18 rounded to the nearest multiple of \$5,000.

19 “(c) SPECIFIED CHILD.—For purposes of this sec-  
20 tion—

21 “(1) IN GENERAL.—The term ‘specified child’  
22 means, with respect to any taxpayer for any cal-  
23 endar month, an individual—



1           “(A) who has the same principal place of  
2 abode as the taxpayer for more than one-half of  
3 such month,

4           “(B) who is younger than the taxpayer and  
5 will not, as of the close of such month, have at-  
6 tained age 18,

7           “(C) who receives care from the taxpayer  
8 during such month that is not compensated,

9           “(D) who is not the spouse of the taxpayer  
10 at any time during such month, and

11           “(E) who either—

12               “(i) is a citizen, national, or resident  
13 of the United States, or

14               “(ii) if the taxpayer is a citizen or na-  
15 tional of the United States, such individual  
16 is described in section 152(f)(1)(B) with  
17 respect to such taxpayer.

18           “(2) CERTAIN INDIVIDUALS INELIGIBLE.—In  
19 the case of an individual who is a specified child  
20 with respect to another taxpayer for any calendar  
21 month, such individual shall be treated for such cal-  
22 endar month as having no specified children.

23           “(3) CARE FROM THE TAXPAYER.—

24               “(A) IN GENERAL.—Except as otherwise  
25 provided by the Secretary, whether any indi-

1           vidual receives care from the taxpayer (within  
2           the meaning of paragraph (1)(C)) shall be de-  
3           termined on the basis of facts and cir-  
4           cumstances with respect to the following fac-  
5           tors:

6                   “(i) The supervision provided by the  
7                   taxpayer regarding the daily activities and  
8                   needs of the individual.

9                   “(ii) The maintenance by the taxpayer  
10                  of a secure environment at which the indi-  
11                  vidual resides.

12                  “(iii) The provision or arrangement by  
13                  the taxpayer of, and transportation by the  
14                  taxpayer to, medical care at regular inter-  
15                  vals and as required for the individual.

16                  “(iv) The involvement by the taxpayer  
17                  in, and financial and other support by the  
18                  taxpayer for, educational or similar activi-  
19                  ties of the individual.

20                  “(v) Any other factor that the Sec-  
21                  retary determines to be appropriate to de-  
22                  termine whether the individual receives  
23                  care from the taxpayer.

24                  “(B) DETERMINATION OF WHETHER CARE  
25                  IS COMPENSATED.—For purposes of deter-

1           mining if care is compensated within the mean-  
2           ing of paragraph (1)(C), compensation from the  
3           Federal Government, a State or local govern-  
4           ment, a Tribal government, or any possession of  
5           the United States shall not be taken into ac-  
6           count.

7           “(4) APPLICATION OF TIE-BREAKER RULES.—

8           “(A) IN GENERAL.—Except as provided in  
9           subparagraph (D), if any individual would (but  
10          for this paragraph) be a specified child of 2 or  
11          more taxpayers for any month, such individual  
12          shall be treated as the specified child only of  
13          the taxpayer who is—

14               “(i) the parent of the individual (or, if  
15               such individual would (but for this para-  
16               graph) be a specified child of 2 or more  
17               parents of the individual for such month,  
18               the parent of the individual determined  
19               under subparagraph (B)),

20               “(ii) if the individual is not a specified  
21               child of any parent of the individual (deter-  
22               mined without regard to this paragraph),  
23               the specified relative of the individual with  
24               the highest adjusted gross income for the  
25               taxable year which includes such month, or

1           “(iii) if the individual is neither a  
2           specified child of any parent of the indi-  
3           vidual nor a specified child of any specified  
4           relative of the individual (in both cases de-  
5           termined without regard to this para-  
6           graph), the taxpayer with the highest ad-  
7           justed gross income for the taxable year  
8           which includes such month.

9           “(B) TIE-BREAKER AMONG PARENTS.—If  
10          any individual would (but for this paragraph)  
11          be the specified child of 2 or more parents of  
12          the individual for any month, such child shall  
13          be treated only as the specified child of—

14               “(i) the parent with whom the child  
15               resided for the longest period of time dur-  
16               ing such month, or

17               “(ii) if the child resides with both par-  
18               ents for the same amount of time during  
19               such month, the parent with the highest  
20               adjusted gross income for the taxable year  
21               which includes such month.

22           “(C) SPECIFIED RELATIVE.—For purposes  
23          of this paragraph, the term ‘specified relative’  
24          means an individual who is—

1           “(i) an ancestor of a parent of the  
2 specified child,

3           “(ii) a brother or sister of a parent of  
4 the specified child, or

5           “(iii) a brother, sister, stepbrother, or  
6 stepsister of the specified child.

7           “(D) CERTAIN PARENTS OR SPECIFIED  
8 RELATIVES NOT TAKEN INTO ACCOUNT.—This  
9 paragraph shall be applied without regard to  
10 any parent or specified relative of an individual  
11 for any month if—

12           “(i) such parent or specified relative  
13 elects to have such individual not be treat-  
14 ed as a specified child of such parent or  
15 specified relative for such month,

16           “(ii) in the case of a parent of such  
17 individual, the adjusted gross income of  
18 the taxpayer (with respect to whom such  
19 individual would be treated as a specified  
20 child after application of this subpara-  
21 graph) for the taxable year which includes  
22 such month is higher than the highest ad-  
23 justed gross income of any parent of the  
24 individual for any taxable year which in-  
25 cludes such month (determined without re-

1           gard to any parent with respect to whom  
2           such individual is not a specified child, de-  
3           termined without regard to subparagraphs  
4           (A) and (B) and after application of this  
5           subparagraph), and

6           “(iii) in the case of a specified relative  
7           of such individual, the adjusted gross in-  
8           come of the taxpayer (with respect to  
9           whom such individual would be treated as  
10          a specified child after application of this  
11          subparagraph) for the taxable year which  
12          includes such month is higher than the  
13          highest adjusted gross income of any par-  
14          ent and any specified relative of the indi-  
15          vidual for any taxable year which includes  
16          such month (determined without regard to  
17          any parent and any specified relative with  
18          respect to whom such individual is not a  
19          specified child, determined without regard  
20          to subparagraphs (A) and (B) and after  
21          application of this subparagraph).

22          “(E) TREATMENT OF JOINT RETURNS.—

23          For purposes of this paragraph, with respect to  
24          any month, the adjusted gross income of each  
25          person who files a joint return for the taxable

1 year which includes such month is the total ad-  
2 justed gross income shown on the joint return  
3 for the taxable year.

4 “(F) PARENT.—Except as otherwise pro-  
5 vided by the Secretary, the term ‘parent’ shall  
6 have the same meaning as when used in section  
7 152(c)(4).

8 “(5) TREATMENT OF TEMPORARY ABSENCES.—  
9 Except as provided in regulations or other guidance  
10 issued by the Secretary, for purposes of this sub-  
11 section—

12 “(A) IN GENERAL.—In the case of any in-  
13 dividual’s temporary absence from such individ-  
14 ual’s principal place of abode, each day com-  
15 posing the temporary absence shall—

16 “(i) be treated as a day at such indi-  
17 vidual’s principal place of abode,

18 “(ii) be treated as satisfying the care  
19 requirement described in paragraph (1)(C)  
20 for each day described in clause (i), and

21 “(iii) not be treated as a day at any  
22 other location.

23 “(B) TEMPORARY ABSENCE.—For pur-  
24 poses of subparagraph (A), an absence shall be  
25 treated as temporary if—

1           “(i) the individual would have resided  
2           at the place of abode but for the absence,  
3           and

4           “(ii) under the facts and cir-  
5           cumstances, it is reasonable to assume that  
6           the individual will return to reside at the  
7           place of abode.

8           “(6) SPECIAL RULE FOR DIVORCED PARENTS,  
9           ETC.—Rules similar to the rules section 152(e) shall  
10          apply for purposes of this subsection.

11          “(7) ELIGIBILITY DETERMINED ON BASIS OF  
12          PRESUMPTIVE ELIGIBILITY.—

13                 “(A) IN GENERAL.—If a period of pre-  
14                 sumptive eligibility is established under section  
15                 7527B(e) for any individual with respect to any  
16                 taxpayer—

17                         “(i) such individual shall be treated as  
18                         the specified child of such taxpayer for any  
19                         month in such period of presumptive eligi-  
20                         bility, and

21                         “(ii) such individual shall not be  
22                         treated as the specified child of any other  
23                         taxpayer with respect to whom a period of  
24                         presumptive eligibility has not been estab-  
25                         lished for any such month.



1           “(B) ABILITY OF CREDIT CLAIMANTS TO  
2           ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-  
3           ing in section 7527B(c) shall be interpreted to  
4           preclude a taxpayer from establishing a period  
5           of presumptive eligibility (including any such  
6           period described in section 7527B(c)(2)(D))  
7           with respect to any specified child for purposes  
8           of this section solely because such taxpayer af-  
9           firmatively elects not to receive monthly ad-  
10          vance child payments under section 7527B.

11          “(d) CREDIT REFUNDABLE.—If the taxpayer (in the  
12          case of a joint return, either spouse) has a principal place  
13          of abode (determined as provided in section 32) in the  
14          United States or Puerto Rico for more than one-half of  
15          any calendar month during the taxable year, so much of  
16          the credit otherwise allowed under subsection (a) as is at-  
17          tributable to monthly specified child allowances with re-  
18          spect to any such calendar month shall be allowed under  
19          subpart C (and not allowed under this subpart).

20          “(e) IDENTIFICATION REQUIREMENTS.—

21                 “(1) QUALIFYING CHILD IDENTIFICATION RE-  
22                 QUIREMENT.—No credit shall be allowed under this  
23                 section to a taxpayer with respect to any qualifying  
24                 child unless the taxpayer includes the name and tax-  
25                 payer identification number of such qualifying child

1 on the return of tax for the taxable year and such  
2 taxpayer identification number was issued on or be-  
3 fore the due date for filing such return.

4 “(2) TAXPAYER IDENTIFICATION REQUIRE-  
5 MENT.—No credit shall be allowed under this section  
6 if the taxpayer identification number of the taxpayer  
7 was issued after the due date for filing the return  
8 for the taxable year.

9 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-  
10 ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED  
11 MONTHLY ADVANCE CHILD PAYMENT.—

12 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT  
13 OR RECKLESS CLAIMS.—

14 “(A) IN GENERAL.—No credit shall be al-  
15 lowed under this section for any taxable year  
16 (and no payment shall be made under section  
17 7527B for any month) in the disallowance pe-  
18 riod.

19 “(B) DISALLOWANCE PERIOD.—For pur-  
20 poses of subparagraph (A), the disallowance pe-  
21 riod is—

22 “(i) the period of 10 taxable years  
23 after the most recent taxable year for  
24 which there was a final determination that  
25 the taxpayer’s claim of credit under this

1 section or section 24 (or payment received  
2 under section 7527A or 7527B) was due to  
3 fraud,

4 “(ii) the period of 2 taxable years  
5 after the most recent taxable year for  
6 which there was a final determination that  
7 the taxpayer’s claim of credit under this  
8 section or section 24 (or payment received  
9 under section 7527A or 7527B) was due to  
10 reckless or intentional disregard of rules  
11 and regulations (but not due to fraud),  
12 and

13 “(iii) in addition to any period deter-  
14 mined under clause (i) or (ii) (as the case  
15 may be), the period beginning on the date  
16 of the final determination described in  
17 such clause and ending with the beginning  
18 of the period described in such clause.

19 “(2) TAXPAYERS MAKING IMPROPER PRIOR  
20 CLAIMS.—In the case of a taxpayer who is denied  
21 credit under this section or section 24 for any tax-  
22 able year as a result of the deficiency procedures  
23 under subchapter B of chapter 63, no credit shall be  
24 allowed under this section for any subsequent tax-  
25 able year (and no payment shall be made under sec-

1       tion 7527B for any subsequent month) unless the  
2       taxpayer provides such information as the Secretary  
3       may require to demonstrate eligibility for such cred-  
4       it.

5               “(3) COORDINATION WITH POSSESSIONS OF  
6       THE UNITED STATES.—For purposes of this sub-  
7       section, a taxpayer’s claim of credit under this sec-  
8       tion or section 24 (or payment received under sec-  
9       tion 7527A or section 7527B) includes a claim of  
10      credit under this section or section 24 of the income  
11      tax law of any jurisdiction other than the United  
12      States (or similar payment received under section  
13      7527A or section 7527B of such income tax law),  
14      and a claim made or a payment received from Amer-  
15      ican Samoa pursuant to a plan described in sub-  
16      section (i)(3)(B) or section 24(k)(3)(B).

17              “(g) RECONCILIATION OF CREDIT AND MONTHLY  
18      ADVANCE CHILD PAYMENTS.—

19              “(1) IN GENERAL.—The amount otherwise de-  
20      termined under subsection (a) with respect to any  
21      taxpayer for any taxable year shall be reduced (but  
22      not below zero) by the aggregate amount of pay-  
23      ments made under section 7527B to such taxpayer  
24      for one or more calendar months in such taxable  
25      year. Any failure to so reduce the credit shall be

1 treated as arising out of a mathematical or clerical  
2 error and assessed according to section 6213(b)(1).

3 “(2) RECAPTURE OF EXCESS ADVANCE PAY-  
4 MENTS IN CERTAIN CIRCUMSTANCES.—In the case  
5 of a taxpayer described in paragraph (3) for any  
6 taxable year, the tax imposed by this chapter for  
7 such taxable year shall be increased by the excess (if  
8 any) of—

9 “(A) the aggregate amount of payments  
10 made to the taxpayer under section 7527B for  
11 one or more calendar months in such taxable  
12 year, over

13 “(B) the amount determined under sub-  
14 section (a) with respect to the taxpayer for such  
15 taxable year (without regard to paragraph (1)  
16 of this subsection).

17 “(3) TAXPAYERS SUBJECT TO RECAPTURE.—

18 “(A) FRAUD OR RECKLESS OR INTEN-  
19 TIONAL DISREGARD OF RULES AND REGULA-  
20 TIONS.—A taxpayer is described in this para-  
21 graph with respect to any taxable year if the  
22 Secretary determines that the amount described  
23 in paragraph (2)(A) with respect to the tax-  
24 payer for such taxable year was determined on

1 the basis of fraud or a reckless or intentional  
2 disregard of rules and regulations.

3 “(B) UNDERSTATEMENT OF INCOME;  
4 CHANGES IN FILING STATUS.—If the amount  
5 described in paragraph (2)(A) with respect to  
6 the taxpayer for the taxable year was deter-  
7 mined on the basis of an amount of the tax-  
8 payer’s modified adjusted gross income which  
9 was less than the taxpayer’s modified adjusted  
10 gross income for the applicable taxable year (as  
11 defined in subsection (b))—

12 “(i) such taxpayer shall be treated as  
13 described in this paragraph, and

14 “(ii) the increase determined under  
15 paragraph (2) by reason of this subpara-  
16 graph shall not exceed the excess of—

17 “(I) the amount described in  
18 paragraph (2)(A), over

19 “(II) the amount which would be  
20 so described if the payments described  
21 therein had been determined on the  
22 basis of the taxpayer’s modified ad-  
23 justed gross income for the applicable  
24 taxable year (as defined in subsection  
25 (b)).

1           A rule similar to the rule of the preceding  
2           sentence shall apply if the amount de-  
3           scribed in paragraph (2)(A) with respect to  
4           the taxpayer for the taxable year was de-  
5           termined on the basis of a filing status of  
6           the taxpayer which differs from the tax-  
7           payer’s filing status for the applicable tax-  
8           able year (as so defined).

9           “(C) PAYMENTS MADE OUTSIDE OF PE-  
10          RIOD OF PRESUMPTIVE ELIGIBILITY.—If any  
11          payment described in paragraph (2)(A) with re-  
12          spect to the taxpayer for the taxable year was  
13          made with respect to a child for a month which  
14          was not part of a period of presumptive eligi-  
15          bility established under section 7527B(c) for  
16          such child with respect to such taxpayer—

17                 “(i) such taxpayer shall be treated as  
18                 described in this paragraph, and

19                 “(ii) the increase determined under  
20                 paragraph (2) by reason of this subpara-  
21                 graph shall not exceed the portion of such  
22                 payment so made.

23           “(D) CERTAIN PAYMENTS MADE AFTER  
24          NOTICE FROM SECRETARY.—If the Secretary  
25          notifies a taxpayer under section 7527B(j)(2)

1 that such taxpayer is subject to recapture with  
2 respect to any payments—

3 “(i) such taxpayer shall be treated as  
4 described in this paragraph, and

5 “(ii) the increase determined under  
6 paragraph (2) by reason of this subpara-  
7 graph shall not exceed the aggregate  
8 amount of such payments.

9 “(E) TAXPAYERS MOVING TO ANOTHER  
10 JURISDICTION.—To minimize the amount of ad-  
11 vance payments made under section 7527B to  
12 ineligible individuals, the Secretary shall issue  
13 regulations or other guidance for purposes of  
14 this paragraph which apply with respect to tax-  
15 payers who are described in section  
16 7527B(b)(4) with respect to the reference  
17 month but are not so described with respect to  
18 one or more months during the taxable year for  
19 which advance payments under section 7527B  
20 are made.

21 “(F) OTHER CIRCUMSTANCES TO PREVENT  
22 ABUSE.—A taxpayer is described in this para-  
23 graph with respect to any taxable year pursuant  
24 to regulations or other guidance of the Sec-  
25 retary describing other recapture circumstances



1 to facilitate the administration and enforcement  
2 by the Secretary of section 7527B to minimize  
3 the amount of advance payments made under  
4 section 7527B to ineligible individuals and to  
5 prevent abuse.

6 “(4) JOINT RETURNS.—Except as otherwise  
7 provided by the Secretary, in the case of an advance  
8 payment made under section 7527B with respect to  
9 a joint return, half of such payment shall be treated  
10 as having been made to each individual filing such  
11 return.

12 “(5) COORDINATION WITH POSSESSIONS OF  
13 THE UNITED STATES.—For purposes of this sub-  
14 section, payments made under section 7527B include  
15 payments made by any jurisdiction other than the  
16 United States under section 7527B of the income  
17 tax law of such jurisdiction, and advance payments  
18 made by American Samoa pursuant to a plan de-  
19 scribed in subsection (h)(3)(B). Any increase in tax  
20 imposed on a taxpayer by reason of paragraph (2)  
21 of the income tax law of a jurisdiction other than  
22 the United States shall be considered to reduce the  
23 aggregate amount of payments made to such tax-  
24 payer by such jurisdiction. In carrying out this sec-  
25 tion, the Secretary shall coordinate with each posses-

1 sion of the United States to prevent any application  
2 of this paragraph that is inconsistent with the pur-  
3 poses of this subsection.

4 “(h) APPLICATION OF CREDIT IN POSSESSIONS.—

5 “(1) MIRROR CODE POSSESSIONS.—

6 “(A) IN GENERAL.—The Secretary shall  
7 pay to each possession of the United States  
8 with a mirror code tax system amounts equal to  
9 the loss (if any) to that possession by reason of  
10 the application of this section (determined with-  
11 out regard to this subsection) with respect to  
12 taxable years beginning in calendar years after  
13 2023. Such amounts shall be determined by the  
14 Secretary based on information provided by the  
15 government of the respective possession.

16 “(B) COORDINATION WITH CREDIT AL-  
17 LOWED AGAINST UNITED STATES INCOME  
18 TAXES.—No credit shall be allowed under this  
19 section for any taxable year to any individual to  
20 whom a credit is allowable against taxes im-  
21 posed by a possession of the United States with  
22 a mirror code tax system by reason of the appli-  
23 cation of this section in such possession for  
24 such taxable year.

1           “(C) MIRROR CODE TAX SYSTEM.—For  
2 purposes of this paragraph, the term ‘mirror  
3 code tax system’ means, with respect to any  
4 possession of the United States, the income tax  
5 system of such possession if the income tax li-  
6 ability of the residents of such possession under  
7 such system is determined by reference to the  
8 income tax laws of the United States as if such  
9 possession were the United States.

10           “(2) CROSS REFERENCES RELATED TO APPLI-  
11 CATION OF CREDIT TO RESIDENTS OF PUERTO  
12 RICO.—

13           “(A) For application of refundable credit  
14 to residents of Puerto Rico, see subsection (d).

15           “(B) For application of advance payment  
16 to residents of Puerto Rico, see section  
17 7527B(b)(4).

18           “(3) AMERICAN SAMOA.—

19           “(A) IN GENERAL.—The Secretary shall  
20 pay to American Samoa amounts estimated by  
21 the Secretary as being equal to the aggregate  
22 benefits that would have been provided to resi-  
23 dents of American Samoa by reason of the ap-  
24 plication of this section for taxable years begin-  
25 ning in calendar years after 2023 if the provi-

1 sions of this section had been in effect in Amer-  
2 ican Samoa (applied as if American Samoa  
3 were the United States and without regard to  
4 the application of this section to residents of  
5 Puerto Rico under subsection (d)).

6 “(B) DISTRIBUTION REQUIREMENT.—Sub-  
7 paragraph (A) shall not apply unless American  
8 Samoa has a plan, which has been approved by  
9 the Secretary, under which American Samoa  
10 will promptly distribute such payments to its  
11 residents.

12 “(C) COORDINATION WITH CREDIT AL-  
13 LOWED AGAINST UNITED STATES INCOME  
14 TAXES.—

15 “(i) IN GENERAL.—In the case of a  
16 taxable year with respect to which a plan  
17 is approved under subparagraph (B), this  
18 section (other than this subsection) shall  
19 not apply to any individual eligible for a  
20 distribution under such plan.

21 “(ii) APPLICATION OF SECTION IN  
22 EVENT OF ABSENCE OF APPROVED  
23 PLAN.—In the case of a taxable year with  
24 respect to which a plan is not approved  
25 under subparagraph (B), subsection (d)

1                   shall be applied by substituting ‘, Puerto  
2                   Rico, or American Samoa’ for ‘or Puerto  
3                   Rico’.

4                   “(4) TREATMENT OF PAYMENTS.—For pur-  
5                   poses of section 1324 of title 31, United States  
6                   Code, the payments under this subsection shall be  
7                   treated in the same manner as a refund due from  
8                   a credit provision referred to in subsection (b)(2) of  
9                   such section.

10                  “(i) REGULATIONS.—The Secretary shall issue such  
11                  regulations or other guidance as the Secretary determines  
12                  necessary or appropriate to carry out the purposes of this  
13                  section, including regulations or other guidance—

14                         “(1) for determining whether an individual re-  
15                         ceives care from a taxpayer for purposes of sub-  
16                         section (c)(1), and

17                         “(2) to coordinate or modify the application of  
18                         this section and sections 24, 7527A, and 7527B in  
19                         the case of any taxpayer—

20                                 “(A) whose taxable year is other than a  
21                                 calendar year,

22                                 “(B) whose filing status for a taxable year  
23                                 is different from the status used for deter-  
24                                 mining one or more monthly payments under  
25                                 section 7527B during such taxable year, or

1           “(C) whose principal place of abode for  
2           any month is different from the principal place  
3           of abode used for determining the monthly pay-  
4           ment under section 7527B for such month.

5   **“SEC. 24B. CREDIT FOR CERTAIN OTHER DEPENDENTS.**

6           “(a) IN GENERAL.—There shall be allowed as a cred-  
7   it against the tax imposed by this chapter for the taxable  
8   year an amount equal to \$500 with respect to each speci-  
9   fied dependent of such taxpayer for such taxable year.

10          “(b) LIMITATION BASED ON MODIFIED ADJUSTED  
11 GROSS INCOME.—

12           “(1) IN GENERAL.—The amount of the credit  
13   allowable under subsection (a) shall be reduced (but  
14   not below zero) by \$50 for each \$1,000 (or fraction  
15   thereof) by which the taxpayer’s modified adjusted  
16   gross income exceeds the threshold amount.

17           “(2) THRESHOLD AMOUNT.—For purposes of  
18   this subsection, the term ‘threshold amount’  
19   means—

20           “(A) \$400,000, in the case of a joint re-  
21   turn or surviving spouse (as defined in section  
22   2(a)),

23           “(B) \$300,000, in the case of a head of  
24   household (as defined in section 2(b)), and

25           “(C) \$200,000, in any other case.

1           “(3) MODIFIED ADJUSTED GROSS INCOME.—

2           For purposes of this subsection, the term ‘modified  
3           adjusted gross income’ means adjusted gross income  
4           increased by any amount excluded from gross in-  
5           come under section 911, 931, or 933.

6           “(c) SPECIFIED DEPENDENT.—For purposes of this  
7           section, the term ‘specified dependent’ means, with respect  
8           to any taxpayer for any taxable year, any dependent of  
9           such taxpayer for such taxable year unless such depend-  
10          ent—

11           “(1) is a specified child of the taxpayer, or any  
12          other taxpayer, for any month during such taxable  
13          year, or

14           “(2) would not be a dependent if subparagraph  
15          (A) of section 152(b)(3) were applied without regard  
16          to all that follows ‘resident of the United States’.

17          “(d) IDENTIFICATION REQUIREMENTS.—Rules simi-  
18          lar to the rules of section 24A(e) shall apply for purposes  
19          of this section.

20          “(e) TAXABLE YEAR MUST BE FULL TAXABLE  
21          YEAR.—Except in the case of a taxable year closed by rea-  
22          son of the death of the taxpayer, no credit shall be allow-  
23          able under this section in the case of a taxable year cov-  
24          ering a period of less than 12 months.

1       “(f) REGULATIONS.—The Secretary shall issue such  
2 regulations or other guidance as the Secretary determines  
3 necessary or appropriate to carry out the purposes of this  
4 section.”.

5       (b) MONTHLY PAYMENT OF CHILD TAX CREDIT.—  
6 Chapter 77 of such Code is amended by inserting after  
7 section 7527A the following new section:

8       **“SEC. 7527B. MONTHLY PAYMENTS OF CHILD TAX CREDIT.**

9       “(a) IN GENERAL.—The Secretary shall establish a  
10 program for making payments to taxpayers with respect  
11 to each calendar month equal to the monthly advance child  
12 payment determined with respect to such taxpayer for  
13 such month.

14       “(b) MONTHLY ADVANCE CHILD PAYMENT.—For  
15 purposes of this section and except as otherwise provided  
16 in this section, the term ‘monthly advance child payment’  
17 means, with respect to any taxpayer for any calendar  
18 month, the amount (if any) which is estimated by the Sec-  
19 retary as being equal to the monthly specified child allow-  
20 ance which would be determined under section 24A(b)  
21 with respect to such taxpayer for such calendar month if—

22               “(1) unless determined by the Secretary based  
23               on any information known to the Secretary, the only  
24               specified children of such taxpayer for such calendar



1 month are the specified children of such taxpayer for  
2 the reference month,

3 “(2) unless determined by the Secretary based  
4 on any information known to the Secretary, the ages  
5 of such children (and the status of such children as  
6 specified children) are determined for such calendar  
7 month by taking into account the passage of time  
8 since such reference month,

9 “(3) the limitations of section 24A(b)(2) were  
10 applied with respect to the reference taxable year  
11 rather than with respect to the applicable taxable  
12 year, and

13 “(4) unless determined by the Secretary based  
14 on any information known to the Secretary, no  
15 monthly specified child allowance were determined  
16 with respect to such taxpayer for such calendar  
17 month unless the taxpayer (in the case of a joint re-  
18 turn, either spouse) has a principal place of abode  
19 (determined as provided in section 32) in the United  
20 States or Puerto Rico for more than one-half of the  
21 reference month.

22 “(c) PRESUMPTIVE ELIGIBILITY.—

23 “(1) IN GENERAL.—An individual shall be  
24 treated as a specified child of a taxpayer for pur-  
25 poses of determining any monthly advance child pay-

1       ment under this section only if such month is part  
2       of the period of presumptive eligibility determined by  
3       the Secretary under this subsection with respect to  
4       such specified child and such taxpayer (determined  
5       by treating the month described in subclause (I) of  
6       paragraph (2)(A)(ii) as being the first month begin-  
7       ning after the determination described in such sub-  
8       clause).

9               “(2) PERIOD OF PRESUMPTIVE ELIGIBILITY.—

10       For purposes of this section—

11               “(A) IN GENERAL.—Except as otherwise  
12       provided by the Secretary, the term ‘period of  
13       presumptive eligibility’ means the period—

14               “(i) beginning with the month for  
15       which presumptive eligibility is established,  
16       and

17               “(ii) ending with the earliest of—

18               “(I) the beginning of the month  
19       described in clause (i) if the Secretary  
20       determines that the taxpayer com-  
21       mitted fraud or intentionally dis-  
22       regarded rules or regulations in estab-  
23       lishing or maintaining presumptive  
24       eligibility,

1                   “(II) in the case of any notifica-  
2                   tion from the Secretary that the pe-  
3                   riod of presumptive eligibility has  
4                   been terminated or suspended by rea-  
5                   son of any question regarding eligi-  
6                   bility of the taxpayer for monthly ad-  
7                   vance child payments with respect to  
8                   such child, the month specified in  
9                   such notice as the month on which  
10                  such termination or suspension be-  
11                  gins, and

12                  “(III) the month following any  
13                  failure of the taxpayer to make the re-  
14                  quired annual renewal of presumptive  
15                  eligibility by such date as the Sec-  
16                  retary may provide.

17                  “(B) ESTABLISHING PRESUMPTIVE ELIGI-  
18                  BILITY.—A taxpayer shall establish presumptive  
19                  eligibility with respect to any specified child for  
20                  any month at such time and in such manner as  
21                  the Secretary may provide. Except as otherwise  
22                  provided by the Secretary, in order to establish  
23                  a period of presumptive eligibility the taxpayer  
24                  must express a reasonable expectation and in-  
25                  tent that the taxpayer will continue to be eligi-

1           ble with respect to such specified child for at  
2           least the two months following the month for  
3           which presumptive eligibility is to be estab-  
4           lished.

5           “(C) METHOD OF ESTABLISHING PRE-  
6           SUMPTIVE ELIGIBILITY.—The Secretary shall  
7           ensure information to establish presumptive eli-  
8           gibility under this paragraph may be provided  
9           on the return of tax for the taxable year ending  
10          before the calendar year which includes the  
11          month for which such eligibility is to be estab-  
12          lished, through the on-line portal described in  
13          subsection (e), or in such other manner as the  
14          Secretary may provide.

15          “(D) INCLUSION OF AUTOMATIC GRACE  
16          PERIODS AND PERIODS OF HARDSHIP.—The pe-  
17          riod of presumptive eligibility shall include any  
18          period to which paragraph (1) or (2) of sub-  
19          section (g) applies.

20          “(E) AUTOMATIC ELIGIBILITY FOR BIRTH  
21          OF CHILD.—The Secretary shall issue regula-  
22          tions or other guidance to establish procedures  
23          pursuant to which, to the maximum extent ad-  
24          ministratively practicable—

1           “(i) a parent of a child born during a  
2           calendar month shall be treated as auto-  
3           matically establishing presumptive eligi-  
4           bility with respect to such child,

5           “(ii) the period of such automatic pre-  
6           sumptive eligibility is determined, and

7           “(iii) the first monthly advance child  
8           payment with respect to such child is in-  
9           creased to properly take into account the  
10          months in the period of such automatic  
11          presumptive eligibility which precede such  
12          payment.

13          “(F) PRESUMPTIVE ELIGIBILITY BASED  
14          ON CERTAIN GOVERNMENT PROGRAMS.—The  
15          Secretary shall issue regulations or other guid-  
16          ance to establish procedures under which—

17               “(i) based on information provided to  
18               the Secretary by one or more government  
19               entities, a parent or specified relative of a  
20               child is treated as automatically estab-  
21               lishing presumptive eligibility with respect  
22               to such child, and

23               “(ii) the period for which such auto-  
24               matic presumptive eligibility is determined

1 (including any additional circumstances  
2 under which such period will terminate).

3 “(G) COORDINATION WITH PRESUMP-  
4 TION.—For purposes of determining the status  
5 of any individual as a specified child for pur-  
6 poses of determining presumptive eligibility  
7 with respect to any period, section 24A(c) shall  
8 be applied without regard to paragraph (7)  
9 thereof.

10 “(3) NOTICE OF TERMINATION OF PRESUMP-  
11 TIVE ELIGIBILITY BY REASON OF FAILURE TO MAKE  
12 ANNUAL RENEWAL.—If a taxpayer’s period of pre-  
13 sumptive eligibility with respect to any specified  
14 child terminates by reason of paragraph  
15 (2)(A)(ii)(III), the Secretary shall provide the tax-  
16 payer a written notice of such termination.

17 “(d) DETERMINATION OF REFERENCE MONTH AND  
18 REFERENCE TAXABLE YEAR.—For purposes of this sec-  
19 tion—

20 “(1) REFERENCE MONTH.—The term ‘reference  
21 month’ means, with respect to any taxpayer for any  
22 calendar month, the most recent of—

23 “(A) in the case of a taxpayer who filed a  
24 return of tax for the last taxable year ending

1 before such calendar month, the last month of  
2 such taxable year,

3 “(B) in the case of a taxpayer who filed a  
4 return of tax for the taxable year preceding the  
5 taxable year described in subparagraph (A), the  
6 last month of such preceding taxable year, and

7 “(C) in the case of a taxpayer who pro-  
8 vides, through a specified alternative mecha-  
9 nism, information which is sufficient to esti-  
10 mate the taxpayer’s monthly advance child pay-  
11 ment for such month, such month.

12 “(2) REFERENCE TAXABLE YEAR.—The term  
13 ‘reference taxable year’ means, with respect to any  
14 taxpayer for any calendar month, the most recent  
15 of—

16 “(A) the taxable year described in subpara-  
17 graph (A) or (B) of paragraph (1), or

18 “(B) in the case of a taxpayer who pro-  
19 vides, through a specified alternative mecha-  
20 nism, information which is sufficient to esti-  
21 mate the taxpayer’s modified adjusted gross in-  
22 come for the taxable year which includes such  
23 month, such taxable year.

24 “(3) AVAILABILITY OF INFORMATION.—Any  
25 month or year referred to in subparagraph (A), (B),

1 or (C) of paragraph (1) or subparagraph (A) or (B)  
2 of paragraph (2) shall not be taken into account in  
3 determining the reference month or reference tax-  
4 able year with respect to any calendar month unless  
5 all relevant information with respect to such month  
6 or year is available to the Secretary and the Sec-  
7 retary has adequate time to make estimates under  
8 this section on the basis of such information before  
9 the beginning of such calendar month.

10 “(4) TREATMENT OF INSUFFICIENT INFORMA-  
11 TION.—Except as otherwise provided by the Sec-  
12 retary—

13 “(A) if a taxpayer is not described in sub-  
14 paragraph (A), (B), or (C) of paragraph (1)  
15 with respect to any calendar month, the month-  
16 ly advance child payment with respect to such  
17 taxpayer for such calendar month shall be  
18 treated as zero unless the Secretary determines  
19 that the Secretary can make the estimate de-  
20 scribed in subsection (b) on the basis of infor-  
21 mation known to the Secretary which the Sec-  
22 retary determines is reasonably reliable, and

23 “(B) if the taxpayer is not described in  
24 paragraph (1)(C) and the information on the  
25 return of tax referred to in subparagraph (A)



1 or (B) of paragraph (1) does not establish the  
2 status of the taxpayer (in the case of a joint re-  
3 turn, either spouse) as having a principal place  
4 of abode (determined as provided in section 32)  
5 in the United States or Puerto Rico for more  
6 than one-half of the reference month, the Sec-  
7 retary shall determine such status based on in-  
8 formation known to the Secretary.

9 “(5) TRANSITION RULE.—In any case with re-  
10 spect to which section 24A was not in effect for the  
11 taxable year described in subparagraph (A), (B), or  
12 (C) of paragraph (1) (whichever is applicable), sub-  
13 section (b)(1) shall be applied by substituting ‘the  
14 qualifying children of such taxpayer for the taxable  
15 year which includes the reference month’ for ‘the  
16 specified children of such taxpayer for the reference  
17 month’.

18 “(e) ON-LINE INFORMATION PORTAL; SPECIFIED  
19 ALTERNATIVE MECHANISMS.—

20 “(1) ON-LINE INFORMATION PORTAL.—The  
21 Secretary shall establish an on-line portal which al-  
22 lows taxpayers to—

23 “(A) subject to such restrictions as the  
24 Secretary may provide, elect to begin or cease  
25 receiving payments under this section, and

1           “(B) provide information to the Secretary  
2           which is relevant in determining the monthly  
3           advance child payment and the taxpayer’s eligi-  
4           bility for such payment, including information  
5           regarding—

6                   “(i) the number of the taxpayer’s  
7                   specified children, including by reason of  
8                   the birth of a child,

9                   “(ii) the taxpayer’s marital status,

10                   “(iii) the taxpayer’s modified adjusted  
11                   gross income,

12                   “(iv) the taxpayer’s principal place of  
13                   abode, and

14                   “(v) any other factor which the Sec-  
15                   retary may provide.

16           “(2) SPECIFIED ALTERNATIVE MECHANISM.—

17           For purposes of this section, the term ‘specified al-  
18           ternative mechanism’ means the on-line portal estab-  
19           lished under paragraph (1), the on-line portal estab-  
20           lished under section 7527A, and any other mecha-  
21           nism or method established by the Secretary to allow  
22           taxpayer’s to provide the information described in  
23           paragraph (1) (including in connection with the fil-  
24           ing of any return of tax).

1           “(3) AVAILABILITY IN MULTIPLE LAN-  
2           GUAGES.—The Secretary shall ensure that the on-  
3           line portal described in paragraph (1) is available in  
4           multiple languages.

5           “(f) SPECIFIED CHILD OF MORE THAN 1 TAX-  
6           PAYER.—

7           “(1) IN GENERAL.—In the event that (without  
8           regard to this paragraph) a period of presumptive  
9           eligibility with respect to the same specified child  
10          would exist for more than 1 taxpayer at the same  
11          time—

12                   “(A) except as otherwise provided in this  
13                   section or by the Secretary, a period of pre-  
14                   sumptive eligibility shall exist only respect to  
15                   the taxpayer with the most recent reference  
16                   month,

17                   “(B) the Secretary shall establish proce-  
18                   dures under which the Secretary expeditiously  
19                   adjudicates taxpayers’ competing claims of pre-  
20                   sumptive eligibility with respect to the same  
21                   child, and

22                   “(C) the Secretary shall notify any tax-  
23                   payer of the termination of a period of pre-  
24                   sumptive eligibility pursuant to this subsection.

1           “(2) PROVISIONS RELATED TO ADJUDICA-  
2 TION.—

3           “(A) EXPEDITED PROCESS; APPEALS.—

4           The procedures established under paragraph  
5 (1)(B) shall include—

6           “(i) an expedited process for tax-  
7 payers who meet such requirements as the  
8 Secretary may establish for such expedited  
9 process, and

10           “(ii) procedures for adjudicating an  
11 appeal of an adverse decision.

12           “(B) INFORMATION RECEIPT AND COORDI-  
13 NATION.—The Secretary may enter into agree-  
14 ments to receive information from, and other-  
15 wise coordinate with—

16           “(i) Federal agencies (including the  
17 Social Security Administration and the De-  
18 partment of Agriculture),

19           “(ii) any State, local government,  
20 Tribal government, or possession of the  
21 United States, and

22           “(iii) any other individual or entity  
23 that the Secretary determines to be appro-  
24 priate for purposes of adjudicating a com-  
25 peting claim described in paragraph (1).

1           “(C) ADJUDICATION NOT TREATED AS AS-  
2           SESSMENT.—An adjudication under the proce-  
3           dures established under paragraph (1)(B) (in-  
4           cluding the adjudication of any appeal) shall  
5           not be treated as an assessment described in  
6           section 6201.

7           “(D) ADJUDICATION NOT TREATED AS IN-  
8           SPECTION OF TAXPAYER’S BOOKS OF AC-  
9           COUNT.—The inspection of a taxpayer’s books  
10          of account in connection with any adjudication  
11          under the procedures established under para-  
12          graph (1)(B) (including the adjudication of any  
13          appeal) shall not be treated as an examination  
14          or inspection of a taxpayer’s books of account  
15          for purposes of section 7605(b).

16          “(3) RETROACTIVE PAYMENTS.—If, pursuant to  
17          the procedures established under paragraph (1)(B),  
18          the Secretary determines that a child is a specified  
19          child of a taxpayer and the Secretary did not make  
20          payments to such taxpayer with respect to such child  
21          for any portion of the period during which the deter-  
22          mination was made, the Secretary may make a one-  
23          time payment to the taxpayer with respect to which  
24          such child is the specified child in an amount equal  
25          to the aggregate amount by which the monthly ad-

1 vance child payments to such taxpayer would have  
2 increased during such period if such determination  
3 had been made immediately.

4 “(4) RECAPTURE OF PAYMENTS.—If, pursuant  
5 to the procedures established under paragraph  
6 (1)(B), the Secretary makes payments with respect  
7 to the child during the period during which the de-  
8 termination is made—

9 “(A) the Secretary shall provide each tax-  
10 payer which receives such payments notice that  
11 such payments may be subject to recapture,  
12 and

13 “(B) upon making such determination, the  
14 Secretary shall determine on the basis of the  
15 facts and circumstances of each such taxpayer  
16 whether any such payments should be subject  
17 to recapture and shall so notify each such tax-  
18 payer.

19 “(g) RULES RELATED TO GRACE PERIODS AND  
20 HARDSHIPS.—

21 “(1) AUTOMATIC GRACE PERIOD.—

22 “(A) IN GENERAL.—Notwithstanding sub-  
23 section (f), in the case of any failure or delay  
24 in establishing a period of presumptive eligi-  
25 bility with respect to which the taxpayer elects

1 the application of this subparagraph, credit  
2 under section 24A or retroactive payment under  
3 this section (similar to the payment described in  
4 subsection (f)(3)) shall be allowed or made with  
5 respect to so much of the period of such failure  
6 or delay as does not exceed 3 months. The pre-  
7 ceding sentence shall not apply if the Secretary  
8 determines that such failure or delay was due  
9 to fraud or reckless or intentional disregard of  
10 rules and regulations.

11 “(B) LIMITATION.—Subparagraph (A)  
12 shall not apply with respect to any taxpayer  
13 more than once during any 36-month period.

14 “(2) HARDSHIP.—Notwithstanding subsection  
15 (f), if the Secretary determines that a failure or  
16 delay in establishing a period of presumptive eligi-  
17 bility with respect to any specified child was due to  
18 domestic violence, serious illness, natural disaster, or  
19 any other hardship, credit under section 24A or ret-  
20 roactive payment under this section (similar to the  
21 payment described in subsection (f)(3)) shall be al-  
22 lowed or made with respect to so much of the period  
23 of such failure or delay as does not exceed 6 months.

24 “(h) PROVISIONS RELATED TO FORM, MANNER, AND  
25 TREATMENT OF PAYMENTS.—

1           “(1) APPLICATION OF ELECTRONIC FUNDS PAY-  
2           MENT REQUIREMENT.—The payments made by the  
3           Secretary under subsection (a) shall be made by  
4           electronic funds transfer to the same extent and in  
5           the same manner as if such payments were Federal  
6           payments not made under this title.

7           “(2) DELIVERY OF PAYMENTS.—Notwith-  
8           standing any other provision of law, the Secretary  
9           may certify and disburse refunds payable under this  
10          section electronically to—

11                 “(A) any account to which the payee au-  
12                 thorized, on or after January 1, 2023, the deliv-  
13                 ery of a refund of taxes under this title or of  
14                 a Federal payment (as defined in section 3332  
15                 of title 31, United States Code),

16                 “(B) any account belonging to a payee  
17                 from which that individual, on or after January  
18                 1, 2023, made a payment of taxes under this  
19                 title, or

20                 “(C) any Treasury-sponsored account (as  
21                 defined in section 208.2 of title 31, Code of  
22                 Federal Regulations).

23           “(3) WAIVER OF CERTAIN RULES.—Notwith-  
24           standing section 3325 of title 31, United States  
25           Code, or any other provision of law, with respect to



1 any payment of a refund under this section, a dis-  
2 bursing official in the executive branch of the United  
3 States Government may modify payment information  
4 received from an officer or employee described in  
5 section 3325(a)(1)(B) of such title for the purpose  
6 of facilitating the accurate and efficient delivery of  
7 such payment. Except in cases of fraud or reckless  
8 neglect, no liability under section 3325, 3527, 3528,  
9 or 3529 of title 31, United States Code, shall be im-  
10 posed with respect to payments made under this  
11 paragraph.

12 “(4) EXCEPTION FROM REDUCTION OR OFF-  
13 SET.—Any applicable payment (as defined in para-  
14 graph (5)(E)(iii)) shall not be—

15 “(A) subject to reduction or offset pursu-  
16 ant to section 3716 or 3720A of title 31,  
17 United States Code,

18 “(B) subject to reduction or offset pursu-  
19 ant to subsection (c), (d), (e), or (f) of section  
20 6402, or

21 “(C) reduced or offset by other assessed  
22 Federal taxes that would otherwise be subject  
23 to levy or collection.

24 “(5) ASSIGNMENT OF BENEFITS.—

1           “(A) IN GENERAL.—The right of any per-  
2           son to any applicable payment shall not be  
3           transferable or assignable, at law or in equity,  
4           and no applicable payment shall be subject to,  
5           execution, levy, attachment, garnishment, or  
6           other legal process, or the operation of any  
7           bankruptcy or insolvency law.

8           “(B) ENCODING OF PAYMENTS.—In the  
9           case of an applicable payment described in sub-  
10          paragraph (E)(iii)(I) that is paid electronically  
11          by direct deposit through the Automated Clear-  
12          ing House (ACH) network, the Secretary of the  
13          Treasury (or the Secretary’s delegate) shall—

14               “(i) issue the payment using a unique  
15               identifier that is reasonably sufficient to  
16               allow a financial institution to identify the  
17               payment as an applicable payment, and

18               “(ii) further encode the payment pur-  
19               suant to the same specifications as re-  
20               quired for a benefit payment defined in  
21               section 212.3 of title 31, Code of Federal  
22               Regulations.

23          “(C) GARNISHMENT.—

24               “(i) ENCODED PAYMENTS.—In the  
25               case of a garnishment order that applies to

1 an account that has received an applicable  
2 payment that is encoded as provided in  
3 subparagraph (B), a financial institution  
4 shall follow the requirements and proce-  
5 dures set forth in part 212 of title 31,  
6 Code of Federal Regulations, except—

7 “(I) notwithstanding section  
8 212.4 of title 31, Code of Federal  
9 Regulations (and except as provided  
10 in subclause (II)), a financial institu-  
11 tion shall not fail to follow the proce-  
12 dures of sections 212.5 and 212.6 of  
13 such title with respect to a garnish-  
14 ment order merely because such order  
15 has attached, or includes, a notice of  
16 right to garnish federal benefits issued  
17 by a State child support enforcement  
18 agency, and

19 “(II) a financial institution shall  
20 not, with regard to any applicable  
21 payment, be required to provide the  
22 notice referenced in sections 212.6  
23 and 212.7 of title 31, Code of Federal  
24 Regulations.

1           “(ii) OTHER PAYMENTS.—In the case  
2 of a garnishment order (other than an  
3 order that has been served by the United  
4 States) that has been received by a finan-  
5 cial institution and that applies to an ac-  
6 count into which an applicable payment  
7 that has not been encoded as provided in  
8 subparagraph (B) has been deposited elec-  
9 tronically on any date during the lookback  
10 period or into which an applicable payment  
11 that has been deposited by check on any  
12 date in the lookback period, the financial  
13 institution, upon the request of the account  
14 holder, shall treat the amount of the funds  
15 in the account at the time of the request,  
16 up to the amount of the applicable pay-  
17 ment (in addition to any amounts other-  
18 wise protected under part 212 of title 31,  
19 Code of Federal Regulations), as exempt  
20 from a garnishment order without requir-  
21 ing the consent of the party serving the  
22 garnishment order or the judgment cred-  
23 itor.

24           “(iii) LIABILITY.—A financial institu-  
25 tion that acts in good faith in reliance on

1 clauses (i) or (ii) shall not be subject to li-  
2 ability or regulatory action under any Fed-  
3 eral or State law, regulation, court or other  
4 order, or regulatory interpretation for ac-  
5 tions concerning any applicable payments.

6 “(D) NO RECLAMATION RIGHTS.—This  
7 paragraph shall not alter the status of applica-  
8 ble payments as tax refunds or other nonbenefit  
9 payments for purpose of any reclamation rights  
10 of the Department of the Treasury or the Inter-  
11 nal Revenue Service as per part 210 of title 31,  
12 Code of Federal Regulations.

13 “(E) DEFINITIONS.—For purposes of this  
14 paragraph—

15 “(i) ACCOUNT HOLDER.—The term  
16 ‘account holder’ means a natural person  
17 whose name appears in a financial institu-  
18 tion’s records as the direct or beneficial  
19 owner of an account.

20 “(ii) ACCOUNT REVIEW.—The term  
21 ‘account review’ means the process of ex-  
22 amining deposits in an account to deter-  
23 mine if an applicable payment has been de-  
24 posited into the account during the  
25 lookback period. The financial institution

1 shall perform the account review following  
2 the procedures outlined in section 212.5 of  
3 title 31, Code of Federal Regulations and  
4 in accordance with the requirements of sec-  
5 tion 212.6 of title 31, Code of Federal  
6 Regulations.

7 “(iii) APPLICABLE PAYMENT.—The  
8 term ‘applicable payment’ means—

9 “(I) any payment made to an in-  
10 dividual under this section (other than  
11 any payment made pursuant to para-  
12 graph (6)),

13 “(II) any advance payment made  
14 by a possession of the United States  
15 with a mirror code tax system (as de-  
16 fined in section 24(h)) pursuant to an  
17 election under paragraph (6)(B)  
18 which corresponds to a payment de-  
19 scribed in subclause (I), and

20 “(III) any advance payment  
21 made by American Samoa pursuant to  
22 a program for making such payments  
23 which is described in paragraph  
24 (6)(C)(ii).

1           “(iv) GARNISHMENT.—The term ‘gar-  
2           nishment’ means execution, levy, attach-  
3           ment, garnishment, or other legal process.

4           “(v) GARNISHMENT ORDER.—The  
5           term ‘garnishment order’ means a writ,  
6           order, notice, summons, judgment, levy, or  
7           similar written instruction issued by a  
8           court, a State or State agency, a munici-  
9           pality or municipal corporation, or a State  
10          child support enforcement agency, includ-  
11          ing a lien arising by operation of law for  
12          overdue child support or an order to freeze  
13          the assets in an account, to effect a gar-  
14          nishment against a debtor.

15          “(vi) LOOKBACK PERIOD.—The term  
16          ‘lookback period’ means the two month pe-  
17          riod that begins on the date preceding the  
18          date of account review and ends on the  
19          corresponding date of the month two  
20          months earlier, or on the last date of the  
21          month two months earlier if the cor-  
22          responding date does not exist.

23          “(6) APPLICATION OF ADVANCE PAYMENTS IN  
24          THE POSSESSIONS OF THE UNITED STATES.—

25          “(A) PUERTO RICO.—

1           “(i) For application of child tax credit  
2           to residents of Puerto Rico, see section  
3           24A(d).

4           “(ii) For application of monthly ad-  
5           vance child payments to residents of Puer-  
6           to Rico, see subsection (b)(4).

7           “(B) MIRROR CODE POSSESSIONS.—In the  
8           case of any possession of the United States with  
9           a mirror code tax system (as defined in section  
10          24A(h)(1)(C)), this section shall not be treated  
11          as part of the income tax laws of the United  
12          States for purposes of determining the income  
13          tax law of such possession unless such posses-  
14          sion elects to have this section be so treated.

15          “(C) ADMINISTRATIVE EXPENSES OF AD-  
16          VANCE PAYMENTS.—

17          “(i) MIRROR CODE POSSESSIONS.—In  
18          the case of any possession described in  
19          subparagraph (B) which makes the elec-  
20          tion described in such subparagraph, the  
21          amount otherwise paid by the Secretary to  
22          such    possession    under    section  
23          24A(h)(1)(A) with respect to taxable years  
24          beginning in 2024, 2025, and 2026 shall  
25          each be increased by \$300,000 if such pos-



1 session has a plan, which has been ap-  
2 proved by the Secretary, for making  
3 monthly advance child payments consistent  
4 with such election.

5 “(ii) AMERICAN SAMOA.—The amount  
6 otherwise paid by the Secretary to Amer-  
7 ican Samoa under subparagraph (A) of  
8 section 24A(h)(3) with respect to taxable  
9 years beginning in 2024, 2025, and 2026  
10 shall each be increased by \$300,000 if the  
11 plan described in subparagraph (B) of  
12 such section includes a program, which has  
13 been approved by the Secretary, for mak-  
14 ing monthly advance child payments under  
15 rules similar to the rules of this section.

16 “(iii) TIMING OF PAYMENT.—The  
17 Secretary may pay, upon the request of the  
18 possession of the United States to which  
19 the payment is to be made, the amount of  
20 the increase determined under clause (i) or  
21 (ii), respectively, immediately upon ap-  
22 proval of the plan with respect to which  
23 such payment relates.

24 “(i) APPLICATION OF CERTAIN DEFINITIONS AND  
25 RULES APPLICABLE TO CHILD TAX CREDIT.—

1           “(1) DEFINITIONS.—Except as otherwise pro-  
2           vided in this section, terms used in this section  
3           which are also used in section 24A shall have the  
4           same respective meanings as when used in section  
5           24A.

6           “(2) TREATMENT OF CERTAIN DEATHS.—A  
7           child shall not be taken into account in determining  
8           the monthly advance child payment for any calendar  
9           month if the death of such child before the end of  
10          such month is known to the Secretary as of date on  
11          which the Secretary estimates such payment.

12          “(3) IDENTIFICATION REQUIREMENTS.—Rules  
13          similar to the rules which apply under section  
14          24A(e) shall apply for purposes of this section ex-  
15          cept that such rules shall apply with respect to the  
16          return of tax for the reference taxable year or, in the  
17          case of information provided through a specified al-  
18          ternative mechanism, with respect to the information  
19          provided through such mechanism.

20          “(4) RESTRICTIONS ON TAXPAYERS WHO IM-  
21          PROPERLY CLAIMED CREDIT OR RECEIVED MONTHLY  
22          ADVANCE CHILD PAYMENTS.—For restrictions on  
23          taxpayers who improperly claimed credit or received  
24          monthly advance child payments, see section 24A(f).

25          “(j) NOTICE OF PAYMENTS.—

1           “(1) IN GENERAL.—Not later than January 31  
2 of the calendar year following any calendar year dur-  
3 ing which the Secretary makes one or more pay-  
4 ments to any taxpayer under this section, the Sec-  
5 retary shall provide such taxpayer with a written no-  
6 tice which includes—

7                   “(A) the taxpayer’s taxpayer identity (as  
8 defined in section 6103(b)(6)),

9                   “(B) the aggregate amount of such pay-  
10 ments made to such taxpayer during such cal-  
11 endar year, and

12                   “(C) such other information as the Sec-  
13 retary determines appropriate.

14           “(2) CERTAIN PAYMENTS SUBJECT TO RECAP-  
15 TURE.—In the case of any payments made to a tax-  
16 payer which the Secretary has determined are sub-  
17 ject to recapture, the notice provided under para-  
18 graph (1) to such taxpayer shall include the amount  
19 of such payments.

20           “(k) NOTIFICATION OF CERTAIN EVENTS.—With re-  
21 spect to any taxpayer receiving monthly advance child pay-  
22 ments under this section with respect to any specified  
23 child, the Secretary shall, to the maximum extent prac-  
24 ticable, provide reasonable advance notice of each of the  
25 following:

1           “(1) Any month with respect to which such  
2           monthly advance child payment will increase (rel-  
3           ative to the preceding month) by reason of an infla-  
4           tion adjustment under section 24A(b)(3)(A).

5           “(2) Any month with respect to which such  
6           monthly advance child payment will be reduced (rel-  
7           ative to the preceding month) by reason of such  
8           child ceasing to be a specified child by reason of at-  
9           taining age 18.

10           “(3) In the case of a taxpayer with a specified  
11           child described in section 24A(b)(1)(A), any month  
12           with respect to which such monthly advance child  
13           payment will be reduced by reason of such child at-  
14           taining age 6.

15           “(1) REGULATIONS.—The Secretary shall issue such  
16           regulations or other guidance as the Secretary determines  
17           necessary or appropriate to carry out the purposes of this  
18           section.”.

19           (c) TERMINATION OF ANNUAL CHILD TAX CRED-  
20           IT.—Section 24 of such Code is amended by adding at  
21           the end the following new subsection:

22           “(1) TERMINATION.—This section shall not apply to  
23           (and no payment shall be made under subsection (k) with  
24           respect to) any taxable year beginning after December 31,  
25           2023.”.

1 (d) DISCLOSURE OF INFORMATION RELATING TO AD-  
2 VANCE PAYMENT OF CHILD TAX CREDIT.—Section  
3 6103(e) of such Code is amended by adding at the end  
4 the following new paragraph:

5 “(12) DISCLOSURE OF INFORMATION RELATING  
6 TO ADVANCE PAYMENT OF CHILD TAX CREDIT.—

7 “(A) JOINT FILERS.—In the case of an in-  
8 dividual to whom the Secretary makes pay-  
9 ments under section 7527A or who is eligible  
10 for monthly advance child payments under sec-  
11 tion 7527B, if the reference taxable year (as  
12 defined in section 7527A(b)(2) or 7527B(d)(2),  
13 as the case may be) that the Secretary uses to  
14 calculate such payments is a year for which the  
15 individual filed an income tax return jointly  
16 with another individual, the Secretary may dis-  
17 close to such individual any information which  
18 is relevant in determining the payment under  
19 section 7527A, or the monthly advance child  
20 payment under section 7527B, and the individ-  
21 ual’s eligibility for such payment, including in-  
22 formation regarding any of the following:

23 “(i) The number of specified children,  
24 including by reason of the birth of a child.

1                   “(ii) The name and TIN of specified  
2 children.

3                   “(iii) Marital status.

4                   “(iv) Modified adjusted gross income.

5                   “(v) Principal place of abode.

6                   “(vi) Any other factor which the Sec-  
7 retary may provide pursuant to section  
8 7527A(e) or 7527B(e).

9                   “(B) COMPETING CLAIMANTS.—In the case  
10 of an individual who has a competing claim of  
11 presumptive eligibility with respect to a speci-  
12 fied child under section 7527B(f)(1), the Sec-  
13 retary may disclose to such individual return in-  
14 formation provided by another individual who  
15 has a competing claim of presumptive eligibility  
16 with respect to the same specified child in the  
17 course of the Secretary’s adjudication of that  
18 competing claim, as well as any other informa-  
19 tion considered by the Secretary with respect to  
20 that competing claim. Such information shall be  
21 limited to the items specified in subparagraph  
22 (A) and the following:

23                   “(i) Information received under any  
24 agreements or coordination the Secretary  
25 entered into with—

1                   “(I) any State, local government,  
2                   Tribal government, or possession of  
3                   the United States, or

4                   “(II) any other individual or enti-  
5                   ty that the Secretary determines to be  
6                   appropriate for purposes of adjudi-  
7                   cating a competing claim.

8                   “(ii) Information considered by the  
9                   Secretary about where and with whom the  
10                  specified child resided.

11                  “(iii) Information considered by the  
12                  Secretary about expenditures made by the  
13                  claimants to the extent such payments re-  
14                  late to the competing claim.”.

15                  (e) CONFORMING AMENDMENTS.—

16                  (1) Section 26(b)(2) of such Code is amended  
17                  by striking “and” at the end of subparagraph (Y),  
18                  by striking the period at the end of subparagraph  
19                  (Z) and inserting “, and”, and by adding at the end  
20                  the following new subparagraph:

21                         “(AA) section 24A(g)(2) (relating to recap-  
22                         ture of certain monthly advance child pay-  
23                         ments).”.

24                  (2) Section 152(f)(6)(B)(ii) of such Code is  
25                  amended to read as follows:

1                   “(ii) the credits under sections 24,  
2                   24A, and 24B and the payments under  
3                   sections 7527A and 7527B,”.

4                   (3) Section 3402(f)(1)(C) of such Code is  
5                   amended by inserting “or section 24A (determined  
6                   after application of subsection (g) thereof)” after  
7                   “section 24 (determined after application of sub-  
8                   section (j) thereof)”.

9                   (4) Section 6103(l)(13)(A)(v) of such Code is  
10                  amended by insert “or section 24A, as the case may  
11                  be” after “section 24”.

12                  (5) Section 6211(b)(4)(A) of such Code is  
13                  amended by inserting “24A by reason of subsection  
14                  (d) thereof,” after “24 by reason of subsections (d)  
15                  and (i)(1) thereof,”.

16                  (6) Section 6213(g)(2)(I) of such Code is  
17                  amended by inserting “or section 24A(e) (relating to  
18                  monthly child tax credit)” after “section 24(e) (re-  
19                  lating to child tax credit)”.

20                  (7) Section 6213(g)(2)(L) of such Code is  
21                  amended by inserting “24A,” after “24,”.

22                  (8) Section 6213(g)(2)(P) of such Code is  
23                  amended—

24                                 (A) by inserting “or 24A(f)(2)” after “sec-  
25                                 tion 24(g)(2)”,



1 (B) by inserting “or 24A” after “under  
2 section 24”, and

3 (C) by striking “subsection (g)(1) thereof”  
4 and inserting “section 24(g)(1) or section  
5 24A(f)(1), respectively”.

6 (9) Section 6695(g)(2) of such Code is amend-  
7 ed by inserting “24A,” after “24,”.

8 (10) Paragraph (2) of section 1324(b) of title  
9 31, United States Code, as amended by the pre-  
10 ceding provisions of this Act, is amended—

11 (A) by inserting “24A,” after “24,” and

12 (B) by inserting “7527B,” after “7527A,”.

13 (11) The table of sections for subpart A of part  
14 IV of subchapter A of chapter 1 of the Internal Rev-  
15 enue Code of 1986 is amended by inserting after the  
16 item relating to section 24 the following new items:

“Sec. 24A. Monthly child tax credit.

“Sec. 24B. Credit for certain other dependents.”.

17 (12) The table of sections for chapter 77 of  
18 such Code is amended by inserting after the item re-  
19 lating to section 7527A the following new item:

“Sec. 7527B. Monthly payments of child tax credit.”.

20 (f) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as otherwise pro-  
22 vided in this subsection, the amendments made by

1 this section shall apply to taxable years beginning  
2 after December 31, 2023.

3 (2) MONTHLY ADVANCE CHILD PAYMENTS.—

4 The amendments made by subsection (b) shall apply  
5 to calendar months beginning after December 31,  
6 2023.

7 (3) INFORMATION DISCLOSURE.—The amend-  
8 ment made by subsection (d) shall take effect on the  
9 date of the enactment of this Act.

10 **SEC. 6. CAPITAL GAINS RATES NOT APPLICABLE TO CER-**  
11 **TAIN HIGH INCOME TAXPAYERS.**

12 (a) IN GENERAL.—Section 1(h)(1) of the Internal  
13 Revenue Code of 1986 is amended by inserting “and the  
14 taxable income of such taxpayer for such taxable year does  
15 not exceed \$1,000,000 (half such amount in the case of  
16 a married individual filing a separate return)” after “If  
17 a taxpayer has a net capital gain for any taxable year”.

18 (b) INFLATION ADJUSTMENT.—Section 1(h) of such  
19 Code is amended by adding at the end the following new  
20 paragraph:

21 “(12) INFLATION ADJUSTMENT.—

22 “(A) IN GENERAL.—In the case of any  
23 taxable year beginning after 2024, the  
24 \$1,000,000 amount in paragraph (1) shall be  
25 increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-  
3 termined under section 1(f)(3) for the cal-  
4 endar year in which the taxable year be-  
5 gins, determined by substituting ‘calendar  
6 year 2022’ for ‘calendar year 2016’ in sub-  
7 paragraph (A)(ii) thereof.

8 “(B) ROUNDING.—If any increase under  
9 subparagraph (A) is not a multiple of \$50, such  
10 dollar amount shall be rounded to the next low-  
11 est multiple of \$50.”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2023.

15 **SEC. 7. INCREASE IN RATES OF CERTAIN CORPORATE**  
16 **TAXES.**

17 (a) CORPORATE INCOME TAX RATE.—Section 11(b)  
18 of the Internal Revenue Code of 1986 is amended by strik-  
19 ing “21 percent” and inserting “28 percent”.

20 (b) RATE OF TAX ON REPURCHASE OF CORPORATE  
21 STOCK.—Section 4501(a) of such Code is amended by  
22 striking “1 percent” and inserting “4 percent”.

23 (c) CORPORATE ALTERNATIVE MINIMUM TAX  
24 RATE.—Section 55(b)(2)(A)(i) of such Code is amended  
25 to read as follows:

1 “(i) the sum of—  
2 “(I) 15 percent of so much of the  
3 adjusted financial statement income  
4 (as defined in section 56A) as does  
5 not exceed \$5,000,000,000, plus  
6 “(II) 25 percent of so much of  
7 such adjusted financial statement in-  
8 come as exceeds \$5,000,000,000.”.

9 (d) EFFECTIVE DATES.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2023.

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